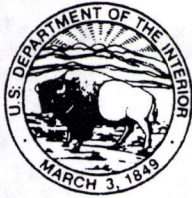


5/007/068

copy Tom M.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
FILLMORE FIELD OFFICE
35 East 500 North
Fillmore, UT 84631



In Reply Refer to:
3800
(U-010)
UTU-075872

April 30, 2002

CERTIFIED MAIL # 7001 1940 0004 6456 0083
RETURN RECEIPT REQUESTED

CLAY HOLMAN
78 S MAIN
HINCKLEY UT 84635

RECEIVED

MAY 03 2002

DIVISION OF
OIL, GAS AND MINING

Dear Mr. Holman:

On April 2 and 23, 2002, surface compliance inspections were conducted at the site of your mining notice serialized UTU-075872, located at T. 17 S., R. 13., Section 35. The inspections have revealed that there is ongoing activity at the site, and that about two acres of surface have been disturbed by mining activity.

The notice was originally submitted by Shayne Crapo, and proposed 38,400 square feet of disturbance, or somewhat less than an acre. On January 20, 2001, new regulations (a copy of which were sent to you on March 27, 2002) went into effect that state:

"Your operations on any additional acreage come under the provisions of this subpart, including §3809.11 and 3809.21, and may require approval of a Plan of Operations before the additional surface disturbance may occur."

In order to bring your operation into compliance, you must, within 15 days of receipt of this letter, submit a reclamation cost estimate for the existing disturbance. Also, since we are of the preliminary opinion that the building stone which you are mining is a common variety mineral and not locatable under the mining laws, you should include with the cost estimate your reasons for believing the stone is an uncommon variety. We informed you of the criteria for uncommon variety in our September 6, 2000 letter to you, but we will repeat them here:

1. There must be a comparison of the mineral deposit in question with other deposits of such minerals generally;

2. The mineral deposit in question must have a unique property;
3. The unique property must give the deposit a distinct and special value;
4. If the special value is for uses to which ordinary varieties of the mineral are put, the deposit must have some distinct and special value for such use; and
5. The distinct and special value must be reflected in the marketplace (or in reduced cost or overhead so that the profit to the claimant would be substantially more.)

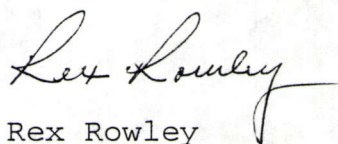
After we receive your cost estimate, we will review it, and if we agree it is adequate, you must submit a financial guarantee in that amount to the Utah State Office of the BLM within 30 days of receipt of this letter.

We will also review your rationale for believing the stone is an uncommon variety, and inform you whether a mineral report will be required, as mandated in 43 CFR §3809.101. Should we determine a mineral report must be prepared, you must cease operations until it is completed, unless you wish to establish an escrow account for the value of the material mined in the interim period.

Whether or not we determine if a mineral report is necessary, if you wish to continue mining, you must also submit a Plan of Operations (Plan). The requirements for a Plan, and guidance on preparing reclamation cost estimates are enclosed.

If you have any questions, please feel free to contact Jerry Mansfield at (435) 743-3125.

Sincerely,



Rex Rowley
Field Office Manager

Enclosure

Plan and Escrow Requirements

cc: Jean Smith, Certified Mail # 7000 1530 0006 2417 0334,
65 S 500 W , Delta Ut 84624
Tom Munson, UDOGM (S/027/068)